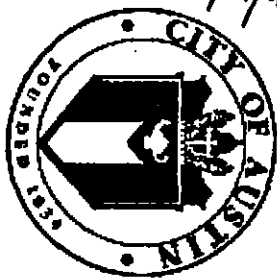


37
5/19/05



City of Austin, Texas

\$198,485,000

Water and Wastewater System Revenue Refunding Bonds, Series 2005

**Pricing Report
May 19, 2005**



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\$198,485,000

Water and Wastewater System Revenue Refunding Bonds, Series 2005

Refunding Bonds – The Bonds are being issued to refund \$195,585,000 of the City's outstanding System Revenue Bonds issued for the Water and Wastewater System. The refunding will result in net present value savings of \$10,279,012.23 to the City or 5.2555% of the refunded bonds.



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\$198,485,000

Water and Wastewater System Revenue Refunding Bonds, Series 2005

ISSUER	City of Austin, Texas
TYPE OF SALE	Negotiated
LEAD UNDERWRITER	Bear, Sterns & Co. Inc.
BOND COUNSEL	Fulbright & Jaworski, L.L.P.
UNDERWRITER'S COUNSEL	Andrews & Kurth L.L.P.
AUDITOR	KPMG LLP/R. Mendoza & Company, PC
FINANCIAL ADVISOR	Public Financial Management



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Bond Market Update

MARKET POST: SECONDARY FIRM, QUIET; \$853M NYC GOS REPRICED May 18 2005 2:25

By Bill Curran, The Bond Buyer NEW YORK (Thomson)--The municipal bond market quieted this afternoon but remained firmly in positive territory as Treasuries came off the highs of the session, while in the primary New York City sold \$853 million of tax-exempt paper. A trader in New York said prices were higher and yields lower by three to four basis points. "There were little spurts here and there, but it's quiet because there's a lack of long bonds around," he said. "I think the market would actually be in better shape if there were more bonds in the system, more tradable blocks out there. The trading community can't wait to get their hands on some of the new issues today. It was all well received." In the active primary, Bear, Stearns & Co. repriced \$853 million New York City tax-exempt general obligation and refunding bonds in three series, increasing yields by as much as four basis points on short or intermediate maturities, while decreasing yields by two or three basis points on long-dated bonds. The underwriter priced a new money series of \$650 million of bonds to yield from 2.76% in 2007 to 4.44% in 2035. A \$183 million refunding series was priced to yield from 2.76% in 2007 to 4.375% in 2028. And a \$21 million series was priced to yield from 2.76% in 2007 to 3.76% in 2016. MBIA insured several maturities of bonds, as did FSA. New York City is rated A-plus by Standard & Poor's and Fitch Ratings and A1 by Moody's Investors Service. Lehman Brothers repriced \$166 million Sacramento County, Calif., Sanitation District Financing Authority revenue bonds, selectively lowering yields by one to two basis points. Bonds were priced to yield from 2.65% in 2006 to 4.25% in 2035. MBIA backed the bonds, which have underlying ratings of Aa3 from Moody's, and AA from Standard & Poor's and Fitch. At repricing of \$188 million North Carolina Infrastructure Finance Corp. certificates of participation, Banc of America Securities selectively lowered yields by two to four basis points on the longest maturities. Bonds were priced to yield from 2.87% in 2007 to 4.25% in 2025. The certificates are rated Aa2 by Moody's, and AA-plus by Standard & Poor's and Fitch. Banc of America Securities repriced \$198 million of Broward County, Fla., School Board certificates of participation, lowering yields two to four basis points on bonds maturing after 2023. Bonds were priced to yield from 2.84% in 2006 to 4.34% in 2030. FSA guaranteed the deal, which has underlying ratings of A1 from Moody's, and A-plus from Standard & Poor's and Fitch.



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Bond Market Update - Continued

Bear Stearns priced \$198 million of Austin, Texas, water and wastewater system revenue and refunding bonds to yield from 3.42% in 2012 to 4.36% in 2030. Bonds are guaranteed by MBIA and have expected underlying ratings of A2 from Moody's, A from Standard & Poor's and A-plus from Fitch. Lehman Brothers bought the largest competitive deal of day – \$101 million Virginia Beach Development Authority public facility revenue bonds. Lehman reoffered bonds to yield from 2.80% in 2007 to 4.35% in 2025 and did not reoffer bonds maturing in 2006 and 2008. The credit is rated Aa3 by Moody's, AA by Standard & Poor's and AA-minus by Fitch.

In secondary trading today, the tax-exempt and Treasury markets were boosted at the open by the April consumer price index report. The Labor Department reported the CPI increased by 0.5% in April, while the core rate, which excludes volatile food and energy prices, was unchanged. IFR BondData Americas' poll of economists had predicted a 0.4% increase in CPI and a 0.2% rise in the core rate after CPI increased by an unrevised 0.6% in March, with the core rate up 0.4%. The cool reading of core April CPI contrasts with the April producer price index, which was released yesterday and showed an uptick in pricing pressures. The Labor Department reported producer prices jumped 0.6%, while, excluding food and energy sectors, the index was up 0.3%. Meanwhile, another trader in New York began to question how much further yields could fall before sparking a correction. "We're being dragged up by Treasuries, but we're still performing pretty well considering the [yield] levels we're at. Bad things tend to happen here," he said. "It feels very good right now, that usually means we're near the top."

The Bond Buyer's 30-day visible supply decreased \$68 million to \$10.26 billion today. The calendar is comprised of \$3.61 billion of competitive transactions and \$6.65 billion of negotiated deals.

Disclosure The Municipal Securities Rulemaking Board reported 30,526 trades Tuesday of 14,425 separate issues for a volume of \$16.29 billion. Of all bonds traded, 1,702 changed hands at least four times. Most active was San Antonio, Texas, Convention Center Hotel Finance Corp. 4 3/4s of 2036, which traded 148 times at a high of 101.749, low of 98 and average of 99.176.

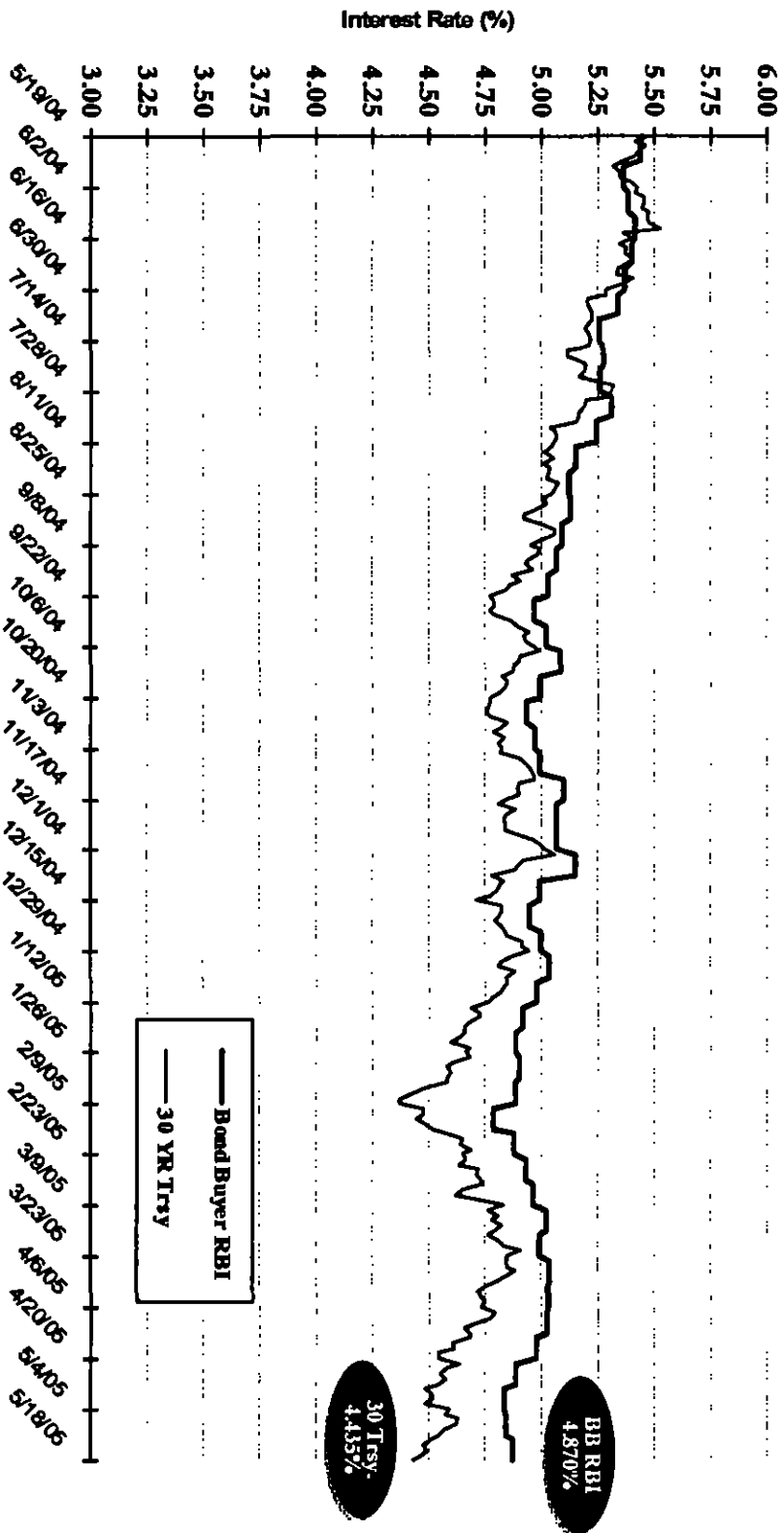


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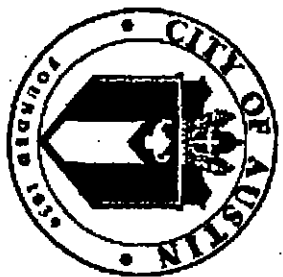


Bond Buyer Revenue Bond Index vs. 30 Year Treasury *May 2004 through May 2005*



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Municipal Markets Calendar NEGOTIATED

Week of	Amount	Issuer	State	Issue	Manager
May 16, 2005	\$ 198,485,000	City of Austin	TX	Rev	Bear Stearns
May 16, 2005	\$ 117,760,000	Adams County	CO	Rev	Goldman Sachs
May 16, 2005	\$ 197,835,000	Broward Co School Bonds	FL	GO	Bank of America
May 16, 2005	\$ 150,000,000	Palm Beach County	FL	Rev	Jadson Securities
May 16, 2005	\$ 315,790,000	Energy Northwest	WA	Rev	Citigroup
May 16, 2005	\$ 300,365,000	Michigan Bldg. Authority	MI	Rev	Bear Stearns
May 16, 2005	\$ 201,650,000	N Carolina Infra Fin Corp	NC	GO	Bank of America
May 16, 2005	\$ 650,000,000	New York City	NY	GO	Bear Stearns
May 16, 2005	\$ 108,085,000	Lamar Consolidated ISD	TX	GO	UBS Financial Svcs.
May 16, 2005	\$ 52,415,000	Dickinson ISD	TX	GO	UBS Financial Svcs.

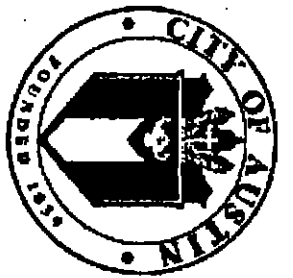
COMPETITIVE

Sale Date	Amount	Issuer	State	Issue	Manager
May 18, 2005	\$ 100,730,000	Virginia Beach Dev. Auth.	VA	Rev	NA
May 18, 2005	\$ 25,000,000	Downey USD	CA	GO	NA
May 18, 2005	\$ 21,700,000	Mississippi Gulf Coast CCD	MS	GO	NA
May 18, 2005	\$ 14,515,000	Sedgwick County	KS	GO	NA



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Maturity Schedules

Water and Wastewater System Revenue Refunding Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>
May 15, 2012	\$ 6,425,000	5.000%	3.420%	May 15, 2019	\$ 11,895,000	5.000%	3.960%
May 15, 2013	8,820,000	5.000%	3.530%	Nov 15, 2019	5,800,000	5.000%	3.970%
Nov 15, 2013	4,460,000	5.000%	3.560%	May 15, 2020	12,455,000	5.000%	4.010%
May 15, 2014	9,235,000	5.000%	3.620%	May 15, 2021	13,310,000	5.000%	4.060%
Nov 15, 2014	4,640,000	5.000%	3.670%	May 15, 2022	13,975,000	5.000%	4.100%
May 15, 2015	9,710,000	5.000%	3.700%	May 15, 2023	5,065,000	5.000%	4.150%
Nov 15, 2015	320,000	4.000%	3.730%	May 15, 2024	5,355,000	5.000%	4.180%
May 15, 2016	10,190,000	5.000%	3.780%	May 15, 2025	5,645,000	5.000%	4.200%
Nov 15, 2016	5,100,000	5.000%	3.820%	May 15, 2026	5,930,000	5.000%	4.240%
May 15, 2017	10,665,000	5.000%	3.840%	May 15, 2027	6,310,000	5.000%	4.280%
Nov 15, 2017	5,270,000	5.000%	3.880%	May 15, 2028	6,665,000	5.000%	4.320%
May 15, 2018	11,330,000	5.000%	3.910%	May 15, 2029	7,015,000	5.000%	4.340%
Nov 15, 2018	5,540,000	5.000%	3.930%	May 15, 2030	7,360,000	5.000%	4.360%

Ratings:

Moody's -

Standard & Poor's -

Fitch Inc. -

*MBA

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True Interest Cost: 4.278719%

